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IDAHO COMMISSION ON THE ARTS 90-DAY FOLLOW-UP

On November 26, 2010, the Legislative Services Office released an audit report for the Idaho Commission on the Arts for the fiscal years 2007, 2008, and 2009. The Commission was contacted in March 2011, and this report addresses how it has responded to the four findings and recommendations contained in that report.

FINDING 1

Entertainment and related costs of \$5,100 are not allowable under federal regulations or Idaho Code.

RECOMMENDATION

We recommended that the Commission comply with federal regulations and Idaho Code when incurring costs to ensure amounts are allowable and necessary in the public service.

AUDIT FOLLOW-UP

The Commission asserts that the entertainment costs were educational in nature and supported the goals of the conference. The Commission does not have a policy in place to address these expenses in the future, but does not anticipate having similar expenses again. We scanned the year-to-date fiscal year 2011 expenses and did not note any entertainment type expenditures.

STATUS – CLOSED

FINDING 2

Federal funds are requested based on unsupported estimates.

RECOMMENDATION

We recommended that the Commission document and retain support for the estimates used to request federal funds. We also recommended that the Commission use the formula provided by the federal grantor to request funds for the NEA Grant.

AUDIT FOLLOW-UP

We reviewed the most recent federal fund requests for the fiscal years 2010 and 2011 NEA grant award. The requested amount for the fiscal year 2010 grant, extended until April 30, 2011, included an estimate for a 30-day advance. The Commission based this estimate on the expenses for April 2010. The fiscal year 2011 award was requested on a reimbursement basis and followed the formula provided by the NEA. All the amounts included in the formula were supported by STARS.

STATUS – CLOSED

FINDING 3

No process exists to ensure that federal funds received in advance are for costs incurred within 30 days, as required.

RECOMMENDATION

We recommended that the Commission comply with federal regulations over federal funds requested and consider requesting a borrowing limit from the Division of Financial Management to eliminate the need to request funds in advance.

AUDIT FOLLOW-UP

In fiscal year 2011, the Commission established a borrowing limit with the Division of Financial Management and is now requesting the fiscal year 2011 grant on a reimbursement basis. However, the Commission did request amounts on the fiscal year 2010 grant on an advance basis. We discussed with the deputy director how the Commission was going to ensure the advance was spent within 30 days. There was no process in place but it was anticipated that the advanced funds would be spent making final award payments.

STATUS – OPEN**FINDING 4**

The large quantity of errors and adjustment transactions indicates the need for improved oversight and review.

RECOMMENDATION

We recommended that the Commission evaluate the entry and review process for recording transactions, and provide additional training as necessary to reduce the volume of errors and adjustment transactions.

AUDIT FOLLOW-UP

We reviewed the database of the fiscal year 2011 transactions and noticed a significant decrease in the number of adjustment transactions. We discussed the adjustments with the deputy director who stated the reason for the decrease was due to the borrowing limit the Commission established with the Department of Financial Management.

STATUS – CLOSED